



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



**Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich**
Commissioners

Carlos Jackson
Executive Director

July 1, 2008

ADOPTED
Community Development Commission

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

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JUL 01 2008

Sachia A. Hamai
SACHIA A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE PURCHASE OF PROPERTY INSURANCE, EXCESS WORKERS'
COMPENSATION AND EXCESS GENERAL AND AUTOMOBILE LIABILITY
INSURANCE FOR THE COMMUNITY DEVELOPMENT COMMISSION AND THE
HOUSING AUTHORITY (ALL DISTRICTS) (3 Vote)**

SUBJECT:

This letter requests approval for the purchase of property insurance, excess workers' compensation insurance, and excess general and automobile liability insurance for the Community Development Commission and the Housing Authority.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is not subject to the provisions of the California Environmental Quality Act, as described herein, because the action will not have the potential for causing a significant effect on the environment.
2. Approve the combined purchase, with the Housing Authority, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost of approximately \$800,000 for the period from July 1, 2008 to June 30, 2009, through Alliant Insurance Services, Inc.
3. Authorize the Executive Director to purchase the property insurance,



excess workers' compensation insurance and excess general and automobile liability insurance and to make payments, as needed, for workers' compensation and general liability claims, using funds approved in the Fiscal Year 2008-2009 budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to purchase property insurance, excess workers' compensation insurance and excess general and automobile liability insurance for the Community Development Commission and the Housing Authority under Joint Purchase Programs created by Alliant Insurance Services, Inc. The proposed purchase will provide required excess coverage above the Commission and Housing Authority's self-insured retentions.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The total approximate annual premium cost of \$800,000 will be paid from funds approved in the Fiscal Year 2008-2009 budgets of the Commission and the Housing Authority.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 25, 1993, your Board approved the Commission and Housing Authority's participation in a Joint Purchase Program provided by Robert F. Driver Company, now known as Alliant Insurance Services, Inc. The property, excess workers' compensation and excess liability and automobile insurance programs combine the purchasing power of public agencies to obtain insurance at rates below those available individually. Programs are underwritten by numerous insurance carriers, which are all rated "A" Superior to Excellent by Best's Key Rating Guide. There is no sharing of limits or risk, and each participant is protected to the same extent as if separate policies had been written, with the exception of the excess workers' compensation insurance.

The Fiscal Year 2007-2008 budgeted amount for insurance coverage was \$805,000, and the actual premium for insurance coverage was \$608,897, which included property, excess workers' compensation and excess general and automobile liability insurance. Coverage under the Joint Purchase Program, again provided by Alliant Insurance Services Inc, will be at an estimated annual cost not to exceed \$800,000. The amount budgeted for the Fiscal Year 2008-2009 premium is constant with the amount budgeted for the Fiscal Year 2007-2008 premium due to continued price stabilization in the insurance market.

Few carriers meeting the Commission and the Housing Authority's rating requirements are prepared to offer coverage as broad as this program, which includes coverage for employment practice liability and employee benefits liability. These items, which are

usually purchased separately for an additional premium, are included as part of the master policy.

Alliant Insurance Services, Inc. is unable to provide a substantial premium estimate until mid-June; however, if needed, Alliant Insurance Services will provide coverage between the effective date of July 1, 2008 and the date of Board approval.

Ten to fifteen percent of the premium will be paid to Alliant Insurance Services, Inc. as a broker fee, in accordance with industry standards.

ENVIRONMENTAL DOCUMENTATION:

The purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The action is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES:

The proposed insurance will provide all the required coverage for Commission and Housing Authority properties and activities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Carlos Jackson", with a long horizontal flourish extending to the right.

CARLOS JACKSON
Executive Director